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UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF COLORADO

DIVISION OF  
OIL, GAS AND MINING

m/23/007

IN RE:

NORTH LILY MINING COMPANY, INC.,  
a Utah corporation,  
EIN: 87-0159350

Debtor.

)  
)  
) Bankruptcy No. 01-23068-EEB

)  
) Chapter 11

)  
) Motion Control Number KMK-12

IN RE:

XERES TINTIC, LLC,  
EIN: 84-1528808

Debtor.

)  
)  
) Bankruptcy No. 01-23069-EEB  
) Chapter 11

)  
) Jointly Administered Under  
) Bankruptcy No. 01-23068-EEB  
) Chapter 11

**APPLICATION TO HIRE BOOKKEEPER**

The Debtor, North Lily Mining Company, Inc., by and through its attorneys, Kutner Miller Kearns, P.C., makes its application to the Court for authority to hire Wheeler Wasoff, P.C. to perform general bookkeeping services for the Debtor, and as grounds therefor states as follows:

1. The Debtor filed its bankruptcy case pursuant to Chapter 11 of the Bankruptcy Code on September 6, 2001 and the Debtor remains a Debtor-in-Possession.

2. The Debtor wishes to hire Wheeler Wasoff, P.C. ("WW") for the purposes of rendering general bookkeeping services for the Debtor. WW will assist in preparing all work papers and schedules

as required by the Debtor's auditors, Hein & Associates, LLP.<sup>1</sup> WW will provide bookkeeping services to the Debtor and the Debtor's former wholly owned subsidiaries as follows:

- A. Preparing the books and records of the Debtor to be audited by Hein & Associates LLP for the fiscal year ended December 31, 2000;
- B. Assist in preparing all work papers and schedules required by Hein & Associates during their audit;
- C. Assist in preparing its financial statements for the year ended December 31, 2000 to be audited by Hein & Associates for inclusion in the Debtor's filing with the Securities and Exchange Commission (SEC) on Form 10K-SB;
- D. Assist in assembling the bookkeeping through December 31, 2001;
- E. Assist in preparing the financial statements of the Debtor on a quarterly basis to be reviewed by Hein & Associates and for inclusion in the Debtor's filing with the SEC on form 10-QSB for the quarters ended March 31, June 30 and September 30 2001; and
- F. Assist the Debtor in compiling the necessary information for the Debtor to complete and file past due tax returns for the Debtor and its former subsidiaries for the years 1995 through 2001.

3. The work which is proposed to be performed by WW is general bookkeeping services and not professional accounting services. WW will not audit, review, compile, or perform any attest procedures for the Debtor.

4. It is necessary for the Debtor to engage WW because the bookkeeping services are needed to assist Hein & Associates with documentation for an audit and review, to assist with documentation related to reporting to the Securities and Exchange Commission, and to update the Debtor's bookkeeping records current through the year 2001. The assistance to be provided by WW in compiling the necessary information for the Debtor to complete and file past due tax returns for the Debtor and its

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<sup>1</sup> The Debtor has also filed an Application to Retain Accountants Hein & Associates for services related to an audit of the Debtor's financial records for the year ended December 2000, and a review of the Debtor's interim financial reports for the year ended December, 2001. WW's services are necessary to provide Hein & Associates the proper information to perform the audit and review.

former subsidiaries are also necessary to allow the Debtor to reach compliance with the Internal Revenue Service.

5. Evan Wasoff, President and Shareholder at WW, is a Certified Public Accountant. Mr. Wasoff will be in charge of this account.

6. WW will bill for its services on an hourly basis. The fees for bookkeeping staff range from \$40 to \$80 per hour. Because WW is hired as a general bookkeeper and not a professional, WW will not be filing applications for payment of fees and costs for approval with the Bankruptcy Court.

7. WW estimates that the fees and costs related to its bookkeeping services will be at least \$15,000 to \$20,000.

8. WW will be paid as services are performed in the ordinary course of business.

9. WW is a general unsecured creditor of the Debtor in the amount of \$52,000.

10. This application is being filed out of an abundance of caution and to protect WW against doing work without payment. While WW is an accounting firm, it is only being employed to perform bookkeeping services. This will result in a lower cost for the Debtor than having an accountant perform the work. WW is familiar with the Debtor's books and records since it has performed work for the Debtor pre-petition. WW is not eligible to be employed as an accounting professional due to its pre-petition claim.

WHEREFORE, the Debtor prays that the Court make and enter an order authorizing the Debtor's employment of Wheeler Wasoff, P.C. as the Debtor's bookkeeper for the purposes as stated in the Application, and for such further and additional relief as the Court may deem proper.

Dated: January 20, 2002.

Respectfully submitted,

By: 

Lee M. Kutner (#10966)

Jenny M.F. Fujii (#30091)

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**CERTIFICATE OF MAILING**

I do hereby certify that on this 20<sup>th</sup> day of March, 2002 a true and correct copy of the foregoing **APPLICATION TO HIRE BOOKKEEPER** was deposited in the United States mail, postage prepaid, addressed to those parties appearing on **Limited Service List No. 15**,  
**Dated March 15, 2002**



Lorri Parker

UNITED STATES BANKRUPTCY COURT  
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**ORDER APPROVING APPLICATION TO HIRE BOOKKEEPER**

This matter, having come before the Court on the Application to Hire Bookkeeper ("Application"), Court having reviewed said Application, notice not being necessary, and the Court being advised, does hereby

**ORDER**

That the Debtor is authorized to hire Wheeler Wasoff, P.C. to render services set forth in the Application.

Done and entered this \_\_\_\_\_ day of April, 2002 at Denver, Colorado.

\_\_\_\_\_  
Judge Elizabeth E. Brown  
United States Bankruptcy Judge